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AN

ADDRESS

TO

THE SHAREHOLDERS

OF

The Canada Company.

BY

THOMAS SMITH,

Late Accountant to the Company.

LONDON :

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1829.

ADDRESS

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THE MANAGER

For the Company

LADIES AND GENTLEMEN,

I am so perfectly aware of the disadvantage every person labours under who attempts to appeal to the proprietors of a public Company from the decisions of its Directors, that had I nothing to state to you but the harshness, not to say injustice, with which I have been treated, you should not have been troubled with this Address. But, having been connected with the Company from its very commencement, and most intimately acquainted with all its proceedings, I think I should be doing very great injustice to you, did I not lay before you a short account of, and some remarks on, the proceedings which have created such a distrust, I may say dis-
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extremely beneficial to the public, and if properly conducted, equally so to the Proprietors; but which is now likely to go to, or rather, *I should say, to be driven to*, ruin and dissolution, if preventive measures be not soon adopted.

As the most intelligible explanatory introduction, I trust I shall be excused commencing with a short narrative of my connection with the Company, and the proceedings which have emanated therefrom.

The first idea of forming the Company was started in February, 1824, nearly twelvemonths before the mania for the formation of companies had commenced its short, but disastrous, reign. Mr. Galt had been employed as agent for the sufferers in Upper Canada during the last war, to prosecute at the Colonial Office their claims for compensation; and in his attendance there, the subject of the Crown and Clergy Reserves had been mentioned. Repeated complaints having been made against their being allowed to remain uncultivated, he was requested to suggest the best means in his opinion of speedily turning them to benefit. He consulted me upon the subject, and we agreed that it was a good and legitimate object for a public Company. The plan was listened to at the Colonial Office, and he was authorized to proceed in it. I assisted him in drawing up the original proposals to Government, the prospectuses, &c.; and afterwards introduced him to the gentlemen in the city, who first took the business up and formed the Company. In August, 1824, the first instalment of £5 per share was paid, and, a short time after, the gentlemen, who had been fixed upon as Governors and Directors, voted Mr. Galt £500 and me £150 for our

trouble and exertions in the formation of the Company. Mr. Galt was appointed Secretary and I Accountant, but no amount of salary fixed for either. He, however, assumed his to be £1000 per annum; and, being afterwards chosen one of the Commissioners to go to Canada, in order to fix the price to be paid for the land, before his departure, which was in January, 1825, he drew £500 for his salary as Secretary for six months. He was absent on the service about five months and a half altogether, including his passage out and home, and residence in Canada; for which he received £1100 sterling, and all his expenses paid. During his absence I officiated as Secretary; for which I have received *nothing*. Immediately on his return, in June, 1825, he resumed his situation as Secretary, and continued to draw his salary quarterly, at the rate of £1000 per annum, until October, 1826. In August, 1826, the Charter was obtained: immediately after which an arrangement was made with him that he should return to Canada, in order, more minutely, to examine into the condition, the situation, and the then value of the lands ceded to the Company, and to report to the Court upon the best mode of conducting the operations in that country. He proposed to be absent *eight* months, for which he was to have £1000 payable in this country, and his expenses paid. Almost immediately upon his arrival in Canada, he wrote to the Directors, that a great many applications had been made to him for the purchase of the Reserves, and he thought it a pity to lose the sales, and therefore requested to be authorized to sell. Authority was accordingly sent him, as also leave to lay out £4000 on one of the

Blocks as an experiment in clearing. He had obtained from the Managers of the Pulteney Estate, in the State of New York, a complicated plan for the disposal of land, which he adopted for the sale of the scattered Crown Reserves, without communicating with the Court of Directors, or obtaining their sanction; and without considering the difference in the situation of the lands, which rendered this plan, as used without modifications, for the Canada Company, very injudicious and inapplicable; and what was worse, it never was fairly put into practice, so that a confusion ensued on which I shall have occasion to remark hereafter. Upon receiving the leave, he commenced upon the largest Block, which he named Guelph, that extravagant expenditure, which was continued until it amounted to four times the original grant. In the meantime a negotiation was entered into for his continuing in Canada as Superintendent; and, at length, it was fixed; for which he was to be allowed, per annum, a salary of £1000 sterling, payable in London, and about £1000 currency, payable in Canada, for his expenses, to commence on the 1st of October, 1827, just a twelvemonth after he went out; for which period he was entitled, under the original agreement, to £1500 sterling; and he accordingly drew that sum, and he charged in his account about £1200 for his expenses.

Upon his departure, 1st of October, 1826, the charge of his duty as Secretary again devolved upon me, and I had the whole of it for six months. In January, 1827, my salary, as *Accountant*, was fixed, by a Committee, called the House Committee,

at £300 per annum; and I was allowed at that rate from the commencement of the Company, but nothing was said as to doing the duty of Secretary. In the March following, Mr. McGillivray was appointed Chairman of the Committee of Management and Correspondence, with a salary of £1000 per annum; but he positively stipulated that he should not act as Secretary, or sign any letters or papers in that capacity: it was, therefore, fixed by the Court that appointed him, that I should continue to act for the Secretary; and I was, upon that occasion, told, both by the Governor and Deputy-Governor, that my remuneration should be afterwards settled. In expectation of this, I continued acting until January, 1828, when I made an application to the Court of Directors on the subject, who referred it to the House Committee, who made the following rather curious report:—

“ At a Meeting of the Committee to consider of

“ all Matters relative to the House and Office,

“ held this Day, the following Letter from

“ Mr. Thomas Smith, of the 29th of November,

“ referred to the House Committee by the

“ Court of Directors, was read:—

“ To the Governor, Deputy-Governor, and Direc-

“ tors of the Canada Company,

“ St. Helen's Place, Nov. 29, 1827.

“ GENTLEMEN,

“ I take the liberty of submitting to the con-

“ sideration of the Court, that I have officiated as

“ Secretary to the Company for more than a twelve-

“ month, without having received any remuneration,

"or any having been fixed; and I hope I shall be
 "excused adding, that, upon a former occasion,
 "when Mr. Galt went out as Commissioner, I at-
 "tended to the business, which saved his salary,
 "for six months, say £500.

"I have, &c.
 (Signed) "THOS. SMITH."

"When it appearing to the said Committee, that
 "the appointment of Mr. Smith, of the 12th of
 "August, 1824, was as Accountant, and to act as
 "Secretary in the absence of the Secretary, they
 "conceive that the salary of £300 voted to Mr.
 "Smith was in consideration of the services gene-
 "rally in those capacities, and not merely as Ac-
 "countant; in which situation he would have but
 "small and casual employment.

"That his appointment as Accountant under
 "the Charter, was made during Mr. Galt's ab-
 "sence, and when he was, in fact, officiating in
 "the same manner as he has from his first ap-
 "pointment been expected to do in the absence
 "of Mr. Galt; and that, although such duties
 "are not expressly specified in the Resolutions
 "of the 9th of January, 1827, yet the Committee
 "consider them to have been contemplated by all
 "parties.

"That, without the question whether Mr. Smith's
 "present advantages are proportioned to his ser-
 "vices and merit, and whether they may not be
 "susceptible of increase, either on that ground
 "now or when the progress of the Company re-
 "quires more exertion, they cannot think them-
 "selves justified on the footing on which he has

"placed his claim, to propose to the Court of Directors any pecuniary grant in consequence." "On this Report I have to make the following remarks:—

- 1st.—That my first appointment was as Accountant, and to act for the Secretary in his absence, two separate and distinct duties; for which the remuneration was to be afterwards fixed.
 - 2d.—That the salary fixed in January, 1827, of £300 per annum, was expressly as Accountant; and had it been considered otherwise by me, I would not have accepted it; and, accordingly, I always drew it as Accountant.
 - 3d.—That it appeared to be the distinct feeling of the Directors, who were present at the Court when Mr. McGillivray was appointed, that I was entitled to remuneration for acting as Secretary; but it was recommended to me not to bring forward the claim on that day; and their resolution that I should continue to act as Secretary evidently showed that they did not consider that duty included in my appointment in January, 1827.
 - 4th.—That, taking it for granted, I had little to do as Accountant, nay, suppose I had nothing to do at all, still £300 per annum was not an adequate compensation for doing the whole duty of a situation for which another had been paid £1000.
- On these considerations I still hold that I have a good claim on the Canada Company for remuneration for acting as Secretary.

By this time, the Directors had become very much dissatisfied with Mr. Galt for not having sent home regular accounts of his receipts and expenditure, nor even any satisfactory narrative of his proceedings, nor of the operations he intended to undertake; and as he had made an application for an accountant to be sent out to his assistance, it was proposed that I should be appointed to that situation. After a very considerable delay, I was, at last, in May, 1828, appointed cashier and accountant to the Company, in Canada, with a salary of £500 sterling per annum, payable in London, and £250 currency for my expenses in the colony. The nature of my appointment will best appear from my instructions, a copy of which is in the Appendix to this.

Upon my arrival in Canada, I found matters in much greater confusion than I could have supposed; and had Mr. Galt been a stranger to me, and a man in whom I was no ways interested, I do not think I should have acted;—at all events, I should have first written home for fresh instructions. But I had been chosen expressly because I was an intimate of Mr. Galt's, and was supposed to have some influence with him, it being the avowed wish of many of the Directors that, if possible, he should be retained in his situation; and, I believe, it was the opinion of the whole that it would be better for the Company to avoid the fracas that would result from his removal.

It was certainly in this light that I received my appointment, and I acted accordingly. I found that considerable sums were due at Guelph, principally to workmen who had been employed there, and who

had become clamorous for their money. However unauthorised that expenditure had been, still having been done by their agent, the Directors had become liable for it, not having made public the restrictions they had put upon him. I therefore deemed it much more for the honour and character of the Company, at once to join him in drawing the bills necessary to procure the funds to pay them, than to throw the place into complete confusion, and leave the people to starve until we received fresh directions from England. I stipulated, however, with him that all further expenditure should cease, and nothing new be undertaken but what was absolutely necessary, and on which I should be consulted; and that he should immediately make up all his accounts, and hand them to me, in order to enable me to draw up a complete state of the Company's affairs in Canada, to be sent home in time for the meeting of Proprietors in December. To all this he gave an apparently full and free consent; but, unfortunately for himself and for me, he was not sincere; his self-consequence and vanity were hurt by the feeling of any control being put upon his actions, and he had adopted the very erroneous idea that I had gone out with a determination to find fault, in order to have him superseded. Had any such idea entered my head, my conduct would have been very different, and it would have been better for me; for the fact is, I have sacrificed myself in endeavouring to save him. Never did a man labour more for another than I did for him, and I have been very *handsomely* rewarded for it. This feeling of jealousy soon showed itself in a number of petty annoyances, too palpable to be

entirely overlooked, and yet not sufficiently prominent or important to be taken serious notice of; and I went on labouring hard to get affairs put on a proper footing; not conceiving it possible that any man would be so mad as to sacrifice a place of such respectability and profit, or even to run the risk of it, merely for the gratification of a jealous and vindictive disposition.

At last my eyes were opened, and my future conduct determined by two occurrences, of which my own justification requires narrating at some length:—the first was in regard to his accounts. After a considerable delay he set about making them up; but, instead of applying for my assistance, as might naturally have been expected, he shut himself up, in his house, along with a young man he had as clerk, I should have said *secretary*,—and who had acquired his knowledge of accounts in a lawyer's office in Glasgow. When the accounts were finished, instead of handing them to me, in accordance to the directions of the Court and his own engagement, he sent them to England; and it was not until some time after, that copies for two periods were delivered to me, one of which was the rough draft, so altered and erased, that I could make nothing of it. The other I soon discovered to be little more than a collection of sundry separate statements he had sent to England previous to my going out, and which had given so little satisfaction, as there was merely added to them a list of the monies he had drawn from the banks of Montreal and Upper Canada, but no notice whatever of what he had received for land, or whether he had paid it into the banks or retained

it; neither were there any statements of what lands had been sold. It is true, he had previously sent most voluminous lists, under the titles of "Lists of Offers received for Land," "List of Offers for Land accepted," and "List of Offers accepted and settled for," but these were so confused that there was no understanding them; and he himself confounded the List of Offers accepted with the List of Offers settled for, and, in consequence, wrote to the Directors, in April, 1828, that he had sold and settled for 70,000 acres; whereas, the fact was, that, at that period, little more than 30,000 had been settled for. Thus betraying a complete ignorance of *his own incomparable system*, the effect of which was to mislead the Directors, and, through them, the Proprietors, to whom the statement was communicated in June, 1828, and was believed by both parties until my return; when I showed, by a regular account I had taken in Canada, (and which has been corroborated since,) that up to the 1st October, 1828, only 40,000 acres altogether of crown reserves, independent of Guelph, had been sold and settled for. I was at Guelph when these copies were handed to me, in the end of October; and Mr. Galt having, at the very moment, set out for York, to take leave of the old governor and to pay his respects to the new, without producing to me either vouchers or documents; (indeed, when I had applied previously for some of the latter, I was told they were private accounts betwixt Mr. Galt and the parties, with which I had nothing to do;) I saw, at once, the utter impossibility of my being able to make any statement to send home in time

for the meeting of Proprietors, or of my remaining in the country with any benefit to them, or satisfaction to myself, as long as he had the management, and I therefore determined to return to England, in order to give verbally those explanations and informations as to the real state of affairs in Canada, that could not well be given in writing.

In consequence, I returned to York, and, on my arrival, I was confirmed in my resolution by the reception I met with, and the treatment I received from him during the week I remained there. I have no intention to intrude upon you an account of the numerous petty affronts he passed on me, one, only, to which I have already alluded, will I state, but, that it may be understood, it will be necessary for me to give rather a detailed narrative. Almost from his arrival in Canada a correspondence had taken place betwixt the Directors and him in regard to the situation of the Company's principal office. At first he was strongly in favour of York; so much so, that he pressed the Directors to allow him to lay out £4000 upon building a grand house there, a plan of which he sent home. In reply, he was informed, that although the Court were fully convinced that York was the proper place for the principal office of the Company, yet they thought it better to delay laying out money in building there until they had further reports on the subject, but that he might rent a house. A short time after this, he got into disputes with some of the authorities at York; and he then discovered that York was the very worst place in the whole province for the Company's principal office; and, as he had begun opera-

tions at Guelph, and had taken it into his head that it might be made not merely a village or town, but a grand city, that might vie with York, and become, some time or other, the seat of government, he determined that the Company's office should be there and there alone, as having one at York at all would only be a useless expense. He laboured very hard to convince the Directors of this, but could not succeed: rather unfortunately, however, they had given him a sort of interim liberty to have the office where he pleased, until it should be finally fixed. The delay in sending me out gave him an opportunity of taking advantage of this permission, and when I arrived there, I found he had, at a considerable expense, removed to Guelph all the books, papers, and the clerks, except one, who was left at York. Before I went out, I had adopted the opinion that York was the proper place for the Company's office, and every thing I saw there convinced me of the correctness of that opinion. Indeed, I never met with any one at all acquainted with the subject who thought otherwise, except the Superintendent himself, and his friend the Warden of the Forests. On this point, therefore, we were likely to disagree, but on my first arrival a compromise was made betwixt us, that if he thought proper to live at Guelph he might, but that I should reside and conduct the business at York. Knowing the feeling of the Court, and, therefore, trusting to its ultimate decision in favour of York, I took a house there, and was at some expense in fitting it up and furnishing it, to all which he was privy. I only got into this house on the 1st of November, and, two days afterwards, he wrote me a letter,

stating, "that he found he had done wrong in giving his consent to my residing at York, and, therefore, now recalled it; and as my agreement bore that I was to reside where the principal office of the Company was, and as he had fixed the principal office at Guelph, he therefore insisted that I should repair there, and remain at all events until the final determination of the Directors was received."

Upon my return to England, I certainly did not meet with the reception I might have expected. Instead of being personally heard, I was directed to put whatever I had to state in writing; and accordingly I addressed both the Committee of Correspondence and the Court of Directors, giving the causes which had induced me to return. I gave replies to very long papers sent home by Mr. Galt, in so far at least as their violent, absurd, abusive style deserved; and I gave memorials stating the situation of the Company's affairs in Canada, and what appeared to me the proper course to be followed in future; to all which no reply was made, nor was I applied to for any information; and the intentions of the Court were kept profoundly secret until the 24th January, 1829, when I received a letter, stating that the Court of Directors wished to put an end to their agreement with me, and that it should accordingly be terminated at the end of six months from that date, and that I was not to return to Canada; but giving no reason whatever for this decision.

On the 28th January, the general meeting of Proprietors was held, when a report was read, stating that my mission to Canada had failed, in consequence of disputes with Mr. Galt, and that I

had returned to London, and, therefore, no account of their affairs in that country could be given; that Mr. Galt had been recalled, and another gentleman appointed to go out to take charge, and that it was not their intention to send me back immediately; but nothing was said of my being positively dismissed.

On the following day, I was for the first time introduced to the gentleman who was appointed to go out, and I believe I was with him fully *three minutes and a half*. I offered to give him every information I possessed on the subject of his mission, but was informed he was going off that evening, and had not a moment to spare. I understand this gentleman was very respectable in his former situation (that of clerk or book-keeper to your Deputy-Governor) but he had never been at the head of any business, had never been in Canada, and was completely ignorant of the business he was going to take charge of; indeed, so much so, that he has on several occasions expressed his utter surprise that he should have been chosen to fill the situation. To such a man, the information I could have given would have been invaluable, and would have fully justified a week's delay; and, had that taken place, he would most probably have reached his ultimate destination at least ten days sooner than he did; for, upon his arrival in Canada, he lost about three weeks, in going round by Kingston in quest of a gentleman who, I could have informed him, had removed to York. However respectable and well acquainted with the country in general the gentleman is who is associated with him, yet he could not supply the deficiency, for he was equally ignorant of

the concerns or details of the Company. I do not mean to insinuate that these gentlemen may not in time acquire a thorough acquaintance with every thing concerning the Company, — very far from it; but this experience will be obtained at a loss of time, and a heavy expense to the Company, a great proportion of which might have been saved.

Indeed, had the Court of Directors done justice to the Shareholders, I do not hesitate to say that they ought to have sent me back again, had it only been for a limited time, to assist these two gentlemen in arranging and settling the outstanding accounts, and putting matters on a regular footing. My knowledge of the affairs in Canada has cost the Company some money, which is now lost; whereas, it might have been turned to account, more especially as I have been kept hanging on here for six months doing little. Although I could not get on with Mr. Galt, yet with two men of business, I should have been differently situated. I speak the more boldly on this point, because, upon looking over the first account of their expenditure, (being the only one I have seen), amounting to £1,500 and upwards, I observed that fully one-half of that sum had been most needlessly paid away, and a considerable portion of it will be totally lost. For this I do not blame these gentlemen: the greatest part of that money has been paid to people in the employ of the Company, of whom they had got no account, or character, or caution against, and therefore they naturally put confidence in them, and gave them what they applied for without suspicion.

At the meeting of the 28th January, several of the Shareholders expressed their dissatisfaction at

the manner in which their affairs appeared to have been conducted, or rather at the want of accounts and of all information on the subject, and their disinclination to continue to make advances without knowing exactly how the previous ones had been applied; and it was recommended to the Directors to endeavour to get some alteration or modification of the agreement with Government.

This expression of feeling on the part of the Shareholders appears to have given offence to some of the Directors, and it was determined to call another meeting of the Shareholders, in order to learn what their intentions really were. One was accordingly called for the 31st March; a few days previous to which, I was directed to make out a general statement of the Company's affairs; this I immediately did, and laid before the Court a series of accounts, containing the transactions in Canada, connected with those here, so as to show the whole in one view. These accounts proved that had it not been for the extravagant expenditure at Guelph, there would have been a gain. The profit on the sale of lands, limited as that sale had been, would, with what had been received for interest and premiums of exchange, have been more than sufficient to cover all expenses, interest to Shareholders included; and, therefore, the money sunk at Guelph, which I calculate at £10,000, is the only loss sustained by the Company since the charter was obtained, the expenses attending which amounted altogether to £21,000; so that the whole deficiency in the Company's stock will be found to be about £30,000, or better than £3 per share.

These accounts were not produced to the Pro-

prietors,—but, in their place, there was introduced into the Report, which was read to the meeting, a desultory sketch of the cash transactions of the Company, in which the assets were as much as possible diminished, and the debts increased; by which it was shown that, after a call of £2:10 per share (£22,250), should be received, and all claims paid, there would remain in cash only about £11,000; the large amount due in Canada for lands sold and not received payment of, and for lands paid for and not sold, being as much as possible kept out of view. One might almost be led to conclude that there was some object in view in these proceedings; for if there had existed any reason or wish to break up the Company, a more effectual method to alarm the Proprietors, so as to induce them either to sell their shares for a trifle or to forfeit them by refusing to pay any more instalments, could not have been taken. If any such design really was entertained, this statement had the desired effect; for it is an absolute fact, that a number of the Shareholders present left the room, impressed with the belief that, after they had paid the call of £2:10, there would only remain about £11,000 of the Company's funds in existence, and that therefore it would be better for them to get rid of their shares before the call was made; in consequence, some actually gave them away, and others sold them at £1 and £1:10 per share. Had my accounts been produced, this would not have happened, for it would have appeared from them that, taking the land paid for at prime cost, the shares were worth at least £9 each. It is probable you will be told, as I have been, that these statements

were hypothetical, and not authenticated; but I beg leave to state that I offered to prove them, but not one of the gentlemen would take the trouble to go into the investigation. At any rate, they were much less hypothetical than the statement given.

At this meeting the following resolutions were passed:—

“That, under existing circumstances, the Directors be instructed to enter into a negotiation with his Majesty’s Government to consider or relinquish the present agreement.”

“That it is the opinion of the present General Court, that no further calls on the Proprietors should be made without the previous consent of another General Court.”

Another General Court was called on the 29th of April, when the Directors stated, in the Report, that the experiment of carrying on the concerns of the Company, according to the present contract with Government, and under the provisions of the charter, had not been tried, so as to enable any one fairly to draw the conclusion that to proceed under that contract was either impracticable or unprofitable, and, therefore, in the negotiation which they had been instructed to open with the Colonial Office, they found a difficulty almost insurmountable in making out a case entitled to the attention of Government or of Parliament, without whose sanction it is to be apprehended that no change could be made in the existing arrangements; and therefore, as they had no grounds to apply for a modification of the existing contract, they went to the Secretary of State and requested him to break up the present Company altogether, in order that a

new one might be formed on the ruins of the old ; for, without doubt, that is the exact meaning of the proposal that was made to Sir George Murray.—

That I may not, however, be accused of misrepresentation, I shall give the terms of the application and the reply that was given to it in their own words, being a quotation from the Report made to the Proprietors at the General Meeting, held on that day, and is in continuation of the paragraph quoted above.—

“ Such representations as it has been in the power of the Directors to offer, have, in obedience to the instructions of the Court of Proprietors, been submitted to the Secretary of State for the Colonial Department, but the result has not been favourable to the hope of obtaining any modification of the existing contract.”

“ The Deputy-Governor had two preliminary conferences with Mr. Hay, the Under Secretary of State, and the Governor, with the Chairman of the Committee of Correspondence, had an official interview with his Majesty's Principal Secretary of State for the Colonial Department, Sir George Murray, when they stated, fully and explicitly, the difficulty of carrying on the concern—the apparent impossibility of making any more payments to Government, unless some new arrangements could be made, and the probable extinction of the Company, if Government should insist upon the fulfilment of their contract.

“ It was suggested, as a modification thereof, which the Directors might reasonably expect to be enabled to fulfil—to relinquish the existing contract for the purchase of the Crown Reserves,

"excepting only those already disposed of, and the
 "remaining portions of the townships of Guelph
 "and Wilmot, being in the whole about 120,000
 "acres, and amounting to about £20,000 of the
 "money already paid to Government—then apply-
 "ing the rest of the money so paid to the purchase
 "of the Huron Tract, and limiting the future ope-
 "rations of the Company to that object, and to
 "realizing the value of the 120,000 acres; whereby
 "the future responsibility of the Proprietors would
 "be limited to about £12:10:0 per share, at the
 "outmost, in addition to the £12:10:0 already paid
 "up; and if a suggestion of that kind had been
 "entertained, the Directors would have had strong
 "hopes of carrying on the concern to advantage,
 "whether all the present Proprietors chose to go on
 "with them or not, because they would confidently
 "expect to fill up the places of those who might be
 "inclined to withdraw, even at the present price
 "of shares, without imagining the extreme case of
 "Proprietors abandoning their interest or submitting
 "to the forfeiture of their shares.
 "It was, however, stated in reply, that, as the
 "charter was granted chiefly for the purchase of
 "the Crown Reserves, and as such recognized by
 "the act of parliament, any such great deviation
 "from it, as relinquishing the purchase of those
 "Reserves, would be impracticable, unless by sur-
 "rendering the charter, and then entering into a
 "new contract, as a new association, which, course,
 "which the Directors might reasonably expect to
 "be entered into at £1 to £1:10 per share.
 "contract for the purchase of the Crown Reserves

"it was stated, would be impossible, if objected
 "to by any one person holding rights under
 "the charter. Several other legal and technical
 "difficulties were stated, to which the only reply
 "that could be made was, that, in the present
 "apparent temper of the Proprietors, the Directors
 "did not possess, and could not rely on, means of
 "paying the instalments as they became due, and
 "that their means of enforcing calls, if resisted
 "by the Proprietors, would be attended with diffi-
 "culties which the Directors were not prepared to
 "encounter, inasmuch as, however anxious they
 "are to fulfil the Company's engagements, they are
 "not personally responsible beyond the amount of
 "their shares, in the same manner as any other
 "Proprietors.

"The final answer, so far as a verbal answer is
 "to be considered final, was, that Sir George Mur-
 "ray saw no ground upon which the propositions
 "for so important a change in the existing contract
 "could be entertained by Government, especially
 "since it would be difficult to place more reliance
 "upon any stipulations now to be entered into by
 "the Company than experience had shown could
 "be placed upon those from which they wished to
 "be relieved. He observed that the same argu-
 "ment, the determination of the stock-holders not
 "to enable the Directors to perform the new stipu-
 "lations, might be urged at any future time as
 "well as on the present occasion, and, therefore,
 "he could not give any countenance to the present
 "application; but, in answer to a further inquiry,
 "he declared his readiness to receive and consider

"any statement which should be regularly and
 "officially laid before him."

"It was distinctly intimated that, under exist-
 "ing circumstances, and if the Proprietors at large
 "should resist paying the call which the Directors
 "would probably consider it their duty to make,
 "the instalment of £7,500, due to Government on
 "the 20th of June next, would not be paid, but
 "the intimation produced no effect; and although
 "the Right Honourable Secretary's department was
 "perfectly courteous, and he appeared to pay every
 "attention to the representations made to him, yet
 "it seemed as if matters connected with the Com-
 "pany's contract would be left to take their course."

"This state of affairs is the natural consequence
 "of the unexpected and, in some measure, incon-
 "sistent proceedings of the General Court, on the
 "31st of March, at which, whilst it was deter-
 "mined, on the one hand, to solicit from Govern-
 "ment a modification or a relinquishment of the
 "existing contract; it was, on the other hand, re-
 "solved to deprive the Directors of the only argu-
 "ment likely to influence Government to listen to
 "that application."

"It might easily have been anticipated that the
 "determination at once to stop all further supplies,
 "and thereby to embarrass the financial arrange-
 "ments which Government were known to have made,
 "would be the most effectual means to prevent the
 "success of any application on behalf of the Com-
 "pany; and, as connected with the second resolu-
 "tion, the first was really instructing the Directors
 "to accomplish an impossibility."

Now I take the liberty of asserting that a modification of the agreement might have been suggested, for which very good grounds might have been given, which Government would, most probably, have listened to, which would not have required any application to Parliament, and which would have enabled the Company to have been carried on with very little farther calls on the Proprietors. It was merely to have stated that, after two years trial, the Directors found that they could not dispose, within the year, of the quantity of land equivalent to the money to be paid annually to Government, and, therefore, requesting an extension of the time, and a consequent diminution of the annual payments; or that Government would take, for the next five or six years, only half of what had been stipulated, the other half to be paid in three or four years after the time originally allowed in the contract. With this modification, and a proper attention in Canada to the disposing of the Crown Reserves and the peopling of the Huron Tract, the Company might have been carried on with a further advance of £1 or £1:5:0 per share each year, for the next three or four years; and, after that period, have begun to make returns to the Shareholders, until all was repaid with a handsome profit.

The following rough statement will give some idea of what the effect would be, were the hint thrown out in the Report, of the shares being taken at the then value acted on.

Taking the shares at the highest price since the alarm, leaving out the extreme case of parties aban-

...doning their shares, and exclusive of the call made since, 8915 shares at £2 would cost £17,830

In return for which the new association would have obtained—

Balance of cash in Canada, about £ 7,500

Do. due for lands sold and not paid for, about 18,000

Property and debts due at

Guelph, about 5,000

24,000 acres at Guelph, selling

at 15s. suppose at 10s. 12,000

35,000 acres, Wilmot Blocks,

at 10s. 17,500

Amount of outlay on Huron

Tract, 4,500

Amount paid Government for do. 35,000

Currency . . . £90,500

Sterling . . . £89,500

Property in England, about . . 6,500

£96,000

And all the profit afterwards to be gained on the

Huron Tract.

I do not give these items as being perfectly cor-

rect, but I believe they will be found rather under

than over the mark.

It may be stated, that, with the exception of one

gentleman, who, I believe, was opposed to these

proceedings, very few of the Directors, especially

the managing ones, hold more shares than neces-

sary to qualify them for the situation.

At this General Meeting of Proprietors, on the

29th of April, the following resolution was also carried:—

That it is the opinion of this Court, that, in the present circumstances of the Company, there is great doubt if the Proprietors will answer calls to such extent, (in respect of future payments,) as to enable the Directors to complete the contract with Government in its present shape, (although it is obvious that the ensuing call must, of course, be paid,) and, therefore, that it is expedient (if no amendment in the terms of the contracts can be effected with Government) to take such steps, with the concurrence of the Government, for the dissolution of the Company, at as early a period as may be convenient after the indisposition of the Government to amend the contract shall have been ascertained."

This resolution refers again to a modification or amendment of the contract, but I have not found any where a direct authority from the Proprietors for the proposal which had been made to the Secretary of State. At all events, after the very decided negative given by the Secretary of State to the proposal verbally made to him, and the very strong and uncontrovertible reasons he stated to show the impossibility of its being adopted, it might naturally have been concluded that the Directors, in making a second application, would have endeavoured to have fallen upon some plan of more easy execution, and to which the same objections could not be made. For instance, if they did not choose to adopt the plan I have mentioned, of asking more time, they might at least have varied the proposal, and offered to

give up the Huron Tract, and to retain the Crown Reserves, which, in fact, would have been more for the benefit of the present Company, as, in that case, very little further advance would have been required; because, in a very short time, sufficient sales of these Reserves might be made to cover both the modified payment to Government and the expenses. Whereas, to give them up and to retain the Tract, would require, as they themselves acknowledge, an advance of at least £12 : 10 per share, or £110,000. Besides, it would have been in the power of Government to accede to such an arrangement without the necessity of having either a new act or new charter; as the granting the Huron Tract was their own doing, and is not mentioned in either the act or charter.

These considerations do not appear to have occurred to the Directors, for they contented themselves with committing to writing the proposal which had been verbally made, and then sending it to the Secretary of State, whose reply was, that before giving a decision he must have the opinion of the Colonial Government on the subject; and thus the matter at present hangs over your heads.

Another extraordinary transaction may be mentioned,—the Secretary of State had been threatened with the non-payment of the instalment of £7,500, due the 20th June, 1829, to which he paid no attention, yet the threat was put into execution, although it is stated in the Report, “*that the most effectual means to prevent the success of any application to Government in behalf of the Company, would be to embarrass the financial arrangements which Government were known to have made;*” and

although such a measure must have embarrassed and affronted a local officer (the Receiver-General) who had behaved to the Company in the most handsome manner, as the following short narrative will show. Some time previous to the payment in December last becoming due, directions were sent out that the funds for it were to be raised by the Superintendent drawing upon the agents of the East-India Company at Montreal, who were to reimburse themselves by drawing upon the Company in London in favour of the East-India Company. This was at best rather a strange round-about mode of proceeding, and in which at least one, if not two commissions would have been incurred. Neither the East-India Company, however, nor their agents would have any thing to do with the transaction. When the account of this reached the Upper Province, which was only a few days before the payment became due, the Superintendent, in his usual hasty manner, immediately sent off the Warden of the Forests post to the Lower Province, to raise the money by any means, and he, to mend the matter, told every body that unless the money was raised, the charter of the Company would be forfeited. This naturally did not enhance the credit of the Company in that quarter, and the Warden failed in his mission. These difficulties were, however, removed by the Receiver-General on the day of payment, who then coolly desired the Superintendent to draw a bill on London for the amount in his favour, and he would pass it, which was done. When the account of this reached St. Helen's Place, a letter of thanks, dated the 19th February last, was written by the Court of Direc-

tors to the Receiver-General, expressing their sense of his kindness and attention, and requesting that he would repeat the operation for the instalment due the 20th June, and that the drafts would be duly honoured. After this it will hardly be believed, but it is absolutely a fact, that, on the 9th April following, he was again written to, to say that circumstances had occurred to prevent the Company paying the instalment due in June, and that therefore he must not take the bills, *for they would not be accepted*, nor would the instalment be paid; although, at that very time, there was, in the Bank of Upper Canada, in money and Government-securities belonging to the Company, at least double the amount, at their command.

By the packet of the 24th of May he was again written to, reversing the last decision, and requesting him to take the bills, as they would be accepted here. It is scarcely within the verge of possibility that this last letter could have reached him by the 20th of June, the day the money was due; and even if it did, it is very probable that, disgusted with such treatment, he would decline receiving the bills, and would insist upon *the money* being paid him, which he has a right to do.

I perfectly agree with the opinion expressed in the Report of the 29th April, "That the experiment of carrying on the concerns of the Company according to the present contract with Government, and, under the provisions of the charter, have not been tried, so as to enable any one fairly to draw the conclusion that to proceed under that contract would be either impracticable or unprofitable." Indeed, from what I have seen, (and I hope I shall

not be accused of egotism when I state that the opportunities I have had have enabled me to acquire a most complete knowledge of the concern,) I am perfectly convinced that, under proper management, it might be carried on to very great advantage and at a very limited additional advance of capital.

The property at the disposal of the Company consisted of the detached Crown Reserves, scattered over the province, and of the Huron Tract in one large block.

The plan which was adopted by the Superintendent for the sale was as follows :—

Every person who wished to become a purchaser had to address a letter to him (the Superintendent), giving the description of the lot, the price he proposed to give for it, and the times of payment. If the offer was accepted, an answer was given, stating so, and directing the first instalment to be paid into the Bank of Upper Canada, or at the Company's office, within a month, else the offer would be void, and the land given to any other person who offered for it,—and, when the instalment was paid, the purchaser received a letter of license to take possession of the lot.

This plan might suit the agents of the Pulteney Estate very well, because that estate lay altogether in one compact lot, on which the agents resided, and were, consequently, always at hand, to show intended purchasers the lands and talk to them about the price; and the letter was only filled up as a matter of form, after these points were discussed. It might also have suited at Guelph, or on the Huron Tract, when it came to be settled. But it was very different in regard to the Crown Reserves,

which are scattered all over the province; and, to have made it suit them would have required the appointment of local agents in every district, in order to show the lands to applicants, explain the terms to them, and then have the letter filled up and sent to head quarters. No such thing was, however, done: parties wishing to purchase lands in the most distant part of the province were expected to write to the Superintendent, wherever he had fixed the office, first at York and then at Guelph, without having any person to show the lands or state what the terms might be. The generality of the applicants were Scotch or Irish emigrants of the lowest order, many of them unable to read or write,—and yet these men were expected to sit down and write a letter to a person, one, two, or three hundred miles distant, to offer to purchase lands, without knowing exactly whether these lands were at his disposal; (many of the applications were for lands not the Company's,) and to name a price without knowing what was expected; a thing perfectly repugnant to the practice and feelings of both these nations.

What made this worse was, that the Superintendent established it as a fixed rule, that not only the letter of license, but the letter of acceptance, should be signed by himself; and, as he was frequently from head-quarters, those letters of acceptance often lay for weeks, and sometimes for months, waiting his signature. In the meantime the parties got tired, and despairing of any reply, went and bought lands elsewhere. They were induced the more to this by the situation of the post-offices in that country; these are

yet few and far between; and, probably, the applicant resided ten, fifteen, or twenty miles from one, to which he had to scramble through an almost impassable cross-road to put in his letter, and to go again or send when he expected an answer; and this he might repeat once, and then give the matter up. I am convinced if the post-offices in the province were searched, a number of these letters of acceptance would be found still lying in them.

Before I left this country, I had represented to the Court of Directors the propriety, nay necessity, of appointing district agents, and also subordinate agents at Montreal and Quebec. I repeated this in Canada, and since my return, but without being attended to. The Canadian gentleman, who has now got charge, very soon saw how much they were required; and, I believe, has written home, that they had, or would, take upon themselves to appoint them without waiting for authority from the Court.

In spite of these obstacles, the Superintendent received offers, which he accepted, ^{ACRES} for about 120,000, but, it appears, that only about 53,000 had been actually settled for, leaving 67,000 not taken. Had the arrangements been properly made, it is most probable that the sale of the greatest part of those would have been secured; in which case, at the prices offered, the Company would have had an additional profit of £20,000; and had the extra expenditure at Guelph been saved, the Company would have had a gain sufficient to cover all expenses formerly incurred,

and might have been enabled to go on, without any further advances being required, or, at all events, very trivial ones.

These few particulars may suffice to shew that if a fair trial was given, the result would be highly favourable.

I have already stated that no public reason has been given for my dismissal from all employment under the Company, after having spent five years in its service (for which, I do not hesitate to say, I have been very inadequately rewarded; since while Mr. Galt has received above £10,000, I have been paid altogether less than £2000,) and at a time when my knowledge of the Company's affairs and the experience I had acquired of them might have been made peculiarly serviceable. It has been hinted to me that I had not followed the instructions I received. These instructions are before you; and I have stated what I did, and my reasons. Had it been intended that whoever was sent out was at once to act hostilely against Mr. Galt, I never should have been chosen. But finding, after a fair trial, so many obstacles thrown in the way of my executing the first part of my instructions, *the ascertaining the exact state of the Company's affairs at the time of my arrival*, I foresaw the impossibility of ever being able to fulfil, in conjunction with him, the other parts. Perhaps I may be blamed for returning without leave or orders; if so, I beg, in reply, to say that I left my house and servants, and braved a winter voyage, in order that you might have as accurate an account of the real state of your affairs in Canada, as could be made out, laid before you, conceiving it of the

highest importance to the welfare of the concern that you should be so informed; but, if that information has been kept back from you, it is not my fault, and I think it a hard case that I should be the sufferer. It is probable that you may be told that my accounts are not in that order they ought to have been. On this head I have to give the following statement:— Before I left this country I submitted to the Directors the propriety of sending along with me a young man as clerk, who might be under my special direction, and who would, at all times, be at my command; this was refused. On my arrival at Guelph, I found the clerks there in a state of insubordination, and I could get little assistance, one or two who were disposed to work having enough to do in the departments assigned to them. As I was anxious to have all the accounts there examined, corrected, and settled, I found it necessary to undertake that task myself, and I laboured at it from seven in the morning until ten o'clock at night, with what assistance I could get, sometimes from one clerk, sometimes from another, and frequently by myself. For some months previous very little money had been paid to the workmen, whose wages amounted to from £150 to £200 per week, and with many of whom no settlement had been made since the commencement of operations there. In addition, therefore, to constant demands for partial payments, I was frequently called upon for the balance of their accounts, in order to ascertain which accurately, I found it necessary to examine the entries, from the commencement, the accounts having been kept by different hands, and a great

deal of confusion having, in consequence, ensued. My instructions certainly bear to take duplicate receipts; but, in the situation I was placed, that was impossible to be accomplished; and I, therefore, took single receipts for the partial payments of 5s., 10s., or 20s., with an intention that, when each account was settled, and the balance paid, then to give up these and take duplicate receipts for the whole in one sum, which would have made the accounts, to be sent home, simple and short. Had Mr. Galt co-operated with me, this would have been accomplished, and matters would have been put on a proper footing. When I found that he was determined to act otherwise, I saw the impossibility of proceeding further, and, therefore, adopted the course I have followed. As there was no such thing as a proper cash-book at Guelph, until one was procured, I had directed the payments I had made to be entered in a temporary one, and from thence posted to the debit of the parties in the ledger; and, when I left that, I requested a copy of that book to be made, which I brought with me, but which, upon a comparison with the original, (which was sent home by Mr. Galt,) I find to be, in some degree, incorrect. I paid the less attention to these matters, before I left Canada, because I do not hesitate to say that I fully relied upon returning there again, and resuming my labours, when any apparent inaccuracy would have been cleared up and set right, and regular accounts made out, to be submitted to you. I have stated these particulars here, because I do think that an unfair use has been made of them to treat me in a way that I am not conscious of deserving, or, I hope I shall be ex-

cused saying, I do not deserve, and I shall not be surprised if they are given as the cause for my dismissal.

It is a great pity that the motion for a Committee of Proprietors to investigate the affairs of the Company had not been carried at the last meeting of Proprietors; and I do hope that another meeting may soon be called, in order to appoint one. Should that be done before I leave this country, I shall be ready to substantiate before them all that I have stated here, and to give them every other information I possess.

I have the honour to be, with great respect,

LADIES AND GENTLEMEN,

Your most obedient humble servant,

THOMAS SMITH.

to the Court
your arrival
You are
that could
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You are, therefore, to ascertain as speedily as possible after your arrival in Upper Canada, the state of the Company's accounts and cash transactions in that province, and to transmit to the Court distinct statements of the same, classifying, so far

as it may be possible, the different heads of the expenditure which has taken place under Mr. Galt's superintendence.

These statements will also include all sums received for the Company's account, and how disposed of. They will particularize all interest which has accrued from purchasers of land or otherwise, all lands or town lots which have been disposed of, and the balances of the purchase-money remaining due to the Company; in short, all such materials as may enable the Court to produce, at the next annual audit of accounts, clear and distinct statements of the Company's transactions in America, and of their result, up to the 1st day of October next.

2dly.—You will, with the assistance of the Superintendent, collect and transmit vouchers for the past expenditure of the Company; and for the future, you will be held responsible for taking regular vouchers in duplicate for all payments. One of these vouchers to be transmitted to this office, and the other to be filed at the Company's office in Canada.

3dly.—With a view to establish a system of checking, and facilitating the investigation of all future cash transactions in Canada, the Court have resolved to give you authority, and you are hereby instructed to countersign the drafts or bills to be drawn by the Superintendent,—whether on the Court of Directors or on any bank or office of deposit, where funds shall be deposited on the Company's account. Such drafts or bills only to be drawn according to authority, to be from time to time given by the Court; and the Superintendent and yourself will be held alike responsible for the due application of the funds, so placed at your joint disposal, according to such appropriation of the same as shall be directed by the Court.

4thly.—You are authorised to receive all moneys, becoming due or payable to the Company in Canada, for sales of land or re-payments of advances, or otherwise, and to grant for the same such receipts and discharges as may be required;—other officers or servants of the Company will also necessarily be authorised, under the directions of the Superintendent, to receive and collect moneys for the Company's account;—but it is the intention and the strict injunction of the Court hereby given, that all sums so to be received by whomsoever from whatsoever source, shall immediately be paid into the bank or office of deposit of the Company's funds, and not in any case applied to the payment of

disbursements or expenses of any description. By pursuing this system, all the sums received on the Company's account being paid into the bank, and carried to the Company's credit, the accounts of the bank will afford the means of satisfactorily checking those to be furnished by you.

5thly.—You will, from time to time, in concert with the Superintendent, transmit to the Court, estimates of the sums likely to be required in Canada for the maintenance of the Company's establishment, and for other purposes to be authorised by the Court, exclusive of the payments to be made to Government, in order that the Court may have timely intimation of the funds requisite to be provided, and time to authorise the appropriation thereof.

6thly.—The Court of Directors will, at all times, provide ample funds for all purposes authorised by them, and of which estimates shall have been transmitted and approved; and it will be held a misapplication of the Company's funds, and a breach of trust, in any officer of the Company to draw from any bank, or to appropriate to any payment or purpose, any funds of the Company, without the express authority of the Court of Directors. You will, therefore, see the necessity of transmitting estimates for all improvements or operations to be, from time to time, suggested, and all expenses likely to be incurred.

7thly.—You are to countersign the contracts for the sale of land, which, being first executed by the Superintendent, may remain in your custody, to be completed at the time of concluding the transaction with the purchaser.

8thly.—You are aware it has always been the prevailing opinion of the Court, that the principal office of the Company should be at the seat of the Provincial Government, although in consideration of the representations received from the Superintendent, the point has not been insisted on, but has, in a great measure, been left to his discretion for the present. On this subject, however, you are to confer with him, and after such comparison of opinions, you are to report to the Court, as an important part of the system of management in Canada, the permanent location of the Company's principal office, with your reasons for recommending the same.

You will also, at the same time, transmit to the Court a report of the establishment of clerks, &c. employed in the Company's

service in Canada, specifying the salary, the particular employment, and your opinion of the conduct and capacity of each of them, in order that the Court may be the better enabled to decide on the expediency of sending further assistance to the office in that province, as well as on the practicability of making any reduction in the present establishment; it being always to be remembered, that it is the anxious wish of the Directors, and their strict injunctions to all persons in the Company's service, to prevent every avoidable expense, and to conduct the management with every possible attention to economy.

By Order of the Committee of Correspondence,

(Signed) SIMON M'GILLIVRAY,
Chairman.

(Signed) JOHN PERRY,
Clerk and Accountant.

THE END.

to Canada, specifying the salary, the particular employ-
ment, and your opinion of the conduct and capacity of each of
them, in order that the Court may be the better enabled to
judge of the expediency of sending further assistance to the
place in that province, as well as on the practicability of making
any reduction in the present establishment; it being always to be
remembered, that it is the wish of the Directors, and
their strict injunction to all persons in the Company's service, to
perform every duty with economy, and to conduct the management
with more possible attention to economy.

By Order of the Committee of Correspondence

(Signed) Simon M. Galt
Chairman

(Signed) John Perry
Clerk and Accountant

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